Appendix 2 - Comparisons of Current policy to Proposed Policy

1. Introduction

1.1 The current savings policy is age banded and it is linked to the personal allowance rate. This being 10% of the personal allowance rate. Therefore, the savings amounts will be directly affected by the decision around annual uplifts of the foster-care rates.

1.2 There are 2 main differences being proposed in the new policy which will affect the amount of savings that a child will receive over the time of their placement.

    1. Flat £5 per week over all ages as opposed to being 10% of the personal allowance and age banded.
    2. After being in care for 12 months savings under the new proposal will be back dated to the day the child came into care, whereas savings under the current policy only start from post 12 months of the continual placement.

1.3 It is important to remember when reviewing these financial differences that the child will continue to receive the same personal allowance in the current and new policy and therefore will not be receiving any less money. The difference is that there will be less in their long term savings but more available in the present with their personal allowance.

2. Comparison of Policies on Savings Generates

2.1 Table 1 below demonstrates the annual differences in the policies. It is assumed that the child under the current policy has already been in care for 12 months.

**Table 1 – Comparison of annual savings under the different policies**

2020/21 RATES				
	0-4	**5-10**	**11-15**	**16-17**
CURRENT POLICY				
Weekly Rate	0.00	5.74	7.56	10.92
Annual Savings	0.00	299.30	394.20	569.40
PROPOSED POLICY				
Weekly Rate	**0.00**	**5.00**	**5.00**	**5.00**
Annual Savings	0.00	260.71	260.71	260.71
Annual Difference -	**0.00**	**(38.59)**	**(133.49)**	**(308.69)**

What this shows is that the older the child gets and moves through the age bands less long term savings are made.

2.2 Table 2 below tries to compare the total savings made by age of when the child entered care until reaching 18. E.g.

Age Came into Care	Current Policy	Proposed Policy	Total Difference
4 till 18	4,905.60	3,389.29	(1,516.31)
12 till 18	2,321.40	1,564.29	(757.11)

Table 2 – Comparison of total savings made over the different policies by age child came into care
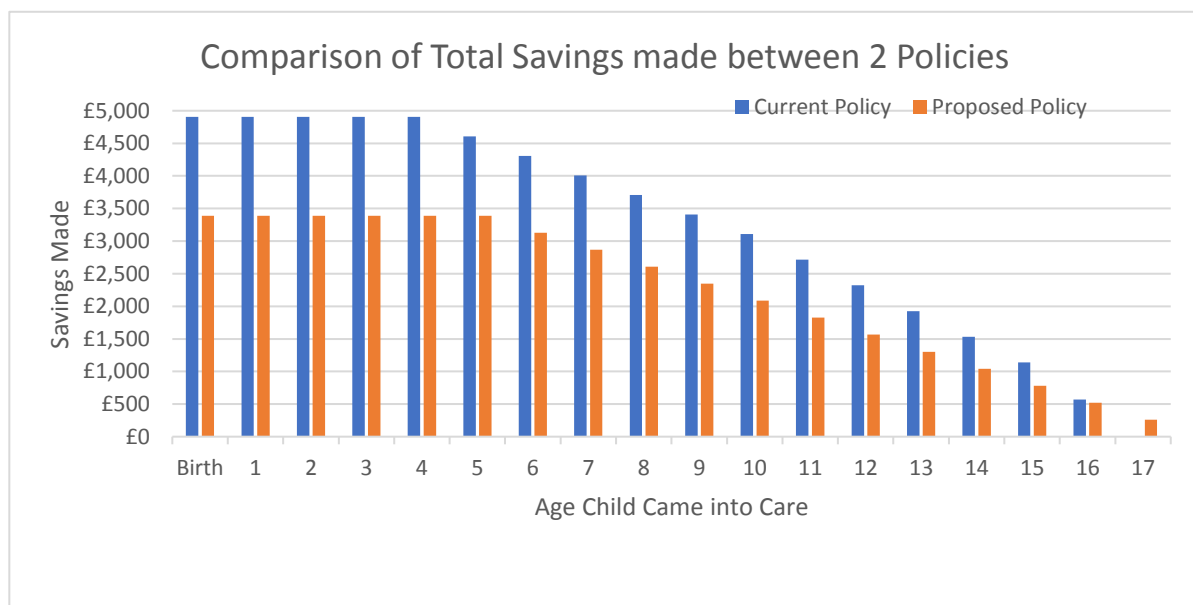
2.3   Table 3 below shows the data that relates to above chart. This along with the visual graph shows that overall no matter what age (apart from entering care at 17) the proposed policy will generate less long term savings than the current policy.

Table 3 – Comparison of total savings made between each policy

Age Came into Care	Current Policy	Proposed Policy	Total Difference
Birth	4,905.60	3,389.29	(1,516.31)
1	4,905.60	3,389.29	(1,516.31)
2	4,905.60	3,389.29	(1,516.31)
3	4,905.60	3,389.29	(1,516.31)
4	4,905.60	3,389.29	(1,516.31)
5	4,606.30	3,389.29	(1,217.01)
6	4,307.00	3,128.57	(1,178.43)
7	4,007.70	2,867.86	(1,139.84)
8	3,708.40	2,607.14	(1,101.26)
9	3,409.10	2,346.43	(1,062.67)
10	3,109.80	2,085.71	(1,024.09)
11	2,715.60	1,825.00	(890.60)
12	2,321.40	1,564.29	(757.11)
13	1,927.20	1,303.57	(623.63)
14	1,533.00	1,042.86	(490.14)
15	1,138.80	782.14	(356.66)
16	569.40	521.43	(47.97)
17	0.00	260.71	260.71

3.   Scenarios to further demonstrate differences between savings generated

3.1   Below in Table 4 are several examples to demonstrate the various scenarios that will occur as children enter care for different lengths of time and at different mixture of ages. For ease of calculation all children will assume to enter care on 1st April and their birthday is also 1st April.

Table 4 – Scenarios of savings made for different ages and lengths of time in care

Scenarios	Age at start of care	Age at end of Care	Years in Care	Current Policy £	Proposed Policy £	Difference £
Child A	2	4	2	0.00	0.00	0.00
Child B	3	7	4	598.60	521.42	(77.18)
Child C	4	9	5	1,197.20	1,042.84	(154.36)
Child D	5	13	8	2,379.80	2,085.68	(294.12)
Child E	6	16	10	3,263.10	2,607.10	(656.00)
Child F	8	13	5	1,387.00	1,303.55	(83.45)
Child G	10	18	8	2,284.90	2,085.68	(199.22)
Child H	12	15	3	598.60	782.13	183.53
Child I	14	18	4	1,533.00	1,042.84	(490.16)
Child J	16	18	2	569.40	521.42	(47.98)

3.2 A final comparison in Table 5 would be for 3 siblings and the amount of money saved for the same length of stay in care over the different policies.

Table 5 – Sibling comparison of savings over same length of time

Scenarios	Age at start of care Years	Age at end of Care Years	Years In Care Years	Current Policy £	Proposed Policy £
Sibling 1	4	9	5	1,197.20	1,042.84
Sibling 2	8	13	5	1,387.00	1,303.55
Sibling 3	11	16	5	1,576.80	1,303.55

3.3 Due to the over 5 savings rule on both policies this would mean that not all 3 children on leaving care would receive the same amount of savings. Under the current policy there is a large difference between Sibling 1 and 3 of £379.60, but this is less under the proposed rule and Sibling 1 has less savings than Sibling 2 and 3 by £260.71.